

Central Intelligence Agency



D/ALA/DI
Room 3F45
HQ

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DIRECTORATE OF INTELLIGENCE
20 JULY 1988

Nicaragua: Assessment of Insurgent and Regime Capabilities
in Second Quarter 1988

Summary

(This typescript covers the period 1 April through 30 June. Events in July--including the crackdown on the opposition--will be reviewed at the end of the third quarter.)

The Sapoa cease-fire agreement of 23 March and the subsequent truce ushered in a quarter of limited combat activity. The rebel side was marked by continuing exfiltration of combatants to Honduras and by internecine factionalism within their ranks. The Sandinistas, meanwhile, used the truce to build up their military forces and took steps to try to revive the economy and make clear the limits to opposition freedom. [redacted]

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Waning Rebel Presence

Insurgent resupply problems that began in the first quarter continued after Sapoa, accelerating the exodus of rebels to Honduras. The Sandinistas had agreed at Sapoa to allow the rebels to receive humanitarian aid, but they argued in subsequent negotiations that the insurgents first had to move into cease-fire zones. Food shortages worsened as talks stalled over the

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mechanism for delivering aid and administration of the zones. Delays in providing the rebels with funds to purchase food inside Nicaragua contributed to the shortages. By mid-June more than 11,000 combatants and support personnel were in Honduran sanctuary, and only some 4,000 to 5,000 in Nicaragua. As a result, the number of clashes in Nicaragua fell to under 10 per week [redacted]

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In late June, however, the rebels began reinfiltrating troops into Nicaragua, in part to persuade Tegucigalpa to release insurgent arms and munitions it controls. Some 1,300 rebels reportedly began moving back into Nicaragua, but we believe only about 500 had crossed the border by the end of the month. Although Honduras remained concerned about rebel activities and plans, its support for the insurgency did not change fundamentally over the quarter. [redacted]

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Internal Rebel Strife

The resupply problems and differences over the Sapoa accord aggravated longstanding disputes among insurgent leaders. Personal rivalries, ideological differences and resentment of former National Guardsmen have simmered since the movement's inception, and the leadership held together primarily because an image of unity was essential to attract international assistance. [redacted]

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Concessions made by the rebel negotiating team at Sapoa-- such as dropping demands for sweeping democratic reforms before a cease-fire--exacerbated tensions among members of the rebel political Directorate. Most, especially Aristides Sanchez, thought the accord was a defeat and sought to disassociate themselves from the pact. [redacted]

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The Sapoa accord also fueled military-civilian tensions that, in turn, exacerbated factionalism within rebel forces. [redacted]

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[redacted] Bermudez survived several showdowns, and several dissidents were expelled from the movement in May. The dissidents, however, renewed their challenge in late June. Directorate member Pedro Joaquin Chamorro agreed to represent the group and said he would ask the political leadership to replace the commander. [redacted]

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Meanwhile, [redacted] the military wing also was plagued by its own set of internal problems:

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- o In June, former National Guardsmen were planning to form a union to protect their interests against verbal attacks by other commanders and civilian politicians [REDACTED]

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- o Combatants from the movement's southern front refused to pool their supplies for more equitable distribution, [REDACTED]

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The Government

The Sandinista regime continued to improve its military posture during the second quarter in case the cease-fire collapsed and fighting resumed. Managua, for example, sent additional troops and equipment to the northeast to replenish a garrison there. In addition, the Sandinistas increased their presence along the Coco River in early June, constructing a new base at San Carlos and clearing the existing airfield there, [REDACTED]. Regime efforts to persuade rebel forces to lay down their arms and accept amnesty had little success, however. [REDACTED]

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The government also announced economic reforms in mid-June--designed to increase production and relieve consumer shortages over time--that actually worsened inflation and increased private sector fears. Many wage and price controls were abolished, the currency was devalued, and the exchange rate and interest rates were indexed to inflation. Early estimates indicate that the introduction of market forces caused prices to double during June, more than three times the inflation rate of earlier months. In a speech announcing the measures, Ortega threatened to "bury" the private sector if it fails to respond by increasing production and investment. [REDACTED]

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The faltering economy continued to generate popular discontent and new protests. Independent unionists staged a 10-day hunger strike in late April, and an opposition rally on 19 June in Dario City drew between 5,000 and 7,000 people, according to the US Embassy. The 14-party opposition group also was planning in June to meet with Costa Rican President Arias to encourage him to press the Sandinistas to democratize. The Sandinistas tried to counter these efforts and sent health care workers to the countryside to shore up rural support [REDACTED]. They also enacted legislation that would cement their control in the cities once municipal elections are held. [REDACTED]

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The Anti-Sandinista Insurgency

Key Indicators

Legend

- Deficient ● Substantial
 ◐ Weak ● Strong
 ◑ Moderate

High
Med
Low } Level of confidence
in judgment

Military Capabilities		1986 Quarters		1987 Quarters		1988 Quarters				
		III	IV	I	II	III	IV	I	II ^a	
1	Presence in country	◐	◐	◐	●	●	●	●	○	Med
2	Geographic extent of operations	◐	◐	◐	●	●	●	◐	◐	High
3	Command, control, and complexity of operations	◐	◐	◐	◐	◐	●	◐	◐	Med
4	Intelligence and security	●	●	●	●	●	●	●	●	High
5	Military initiative	◐	◐	◐	◐	●	●	◐	◐	Low
6	Combat proficiency	◐	◐	●	●	●	●	●	●	Med
7	Troop morale and discipline	●	●	●	●	●	●	◐	◐	Low
8	Availability of weapons/ammunition/equipment	◐	●	●	●	●	●	●	●	Med
9	Logistic support	◐	◐	◐	●	●	●	◐	◐	High
Political Capabilities										
10	Leadership quality and charisma	◐	◐	◐	◐	◐	◐	◐	◐	High
11	Cohesion and unity	●	◐	◐	●	●	●	●	◐	High
12	Appeal of movement inside Nicaragua	◐	◐	◐	◐	◐	◐	◐	◐	Med
13	Development and expression of political program	◐	◐	◐	◐	◐	◐	◐	◐	High
14	Cooperation of rural population	◐	◐	◐	◐	◐	●	◐	◐	Low
15	Urban support	◐	◐	◐	◐	◐	◐	◐	◐	High
16	Cooperation by Central American states	●	●	●	●	●	●	●	●	High
17	Foreign support and recognition	●	●	●	●	●	●	●	●	High

^a Evaluation of most indicators of military capabilities during this quarter is approximate because the cease-fire kept combat activity low.

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The Sandinista Regime

Key Indicators

Legend

- Deficient ● Substantial
 ○ Weak ● Strong
 ○ Moderate

High
Med
Low } Level of confidence
in judgment

Military Capabilities		1986 Quarters		1987 Quarters		1988 Quarters				
		III	IV	I	II	III	IV	I	II ^a	
1	Command and control	○	○	○	○	○	○	●	●	Med
2	Strategy and tactics	●	●	●	●	●	●	●	●	Med
3	Intelligence and security	●	●	●	●	●	●	●	●	High
4	Military aggressiveness	●	●	●	●	○	○	●	●	Med
5	Mobility/Presence in countryside	●	●	●	●	○	○	○	○	High
6	Combat effectiveness	○	○	○	○	○	○	○	○	High
7	Recruitment and retention	○	○	○	○	○	○	○	○	Med
8	Availability of weapons and equipment	●	●	●	●	●	●	●	●	High
9	Logistic support	○	○	○	○	○	○	○	○	High
10	Ability to assimilate equipment and operate without foreign advisors	○	○	○	○	○	○	○	○	Med
Political Capabilities										
11	Directorate unity and cohesion	●	●	●	●	●	●	●	●	Med
12	Civilian/military relations	●	●	●	●	●	●	●	●	Med
13	Internal security	●	●	●	●	●	●	●	●	High
14	Political institutions	○	○	○	○	○	○	○	○	Low
15	Ability to mobilize mass support	○	○	○	○	○	○	○	○	Med
16	Control of political opposition	●	●	●	●	●	●	●	●	High
17	Ability to defuse religious/ethnic discontent	○	○	○	○	○	○	○	○	Med
18	Ability to deflect dissatisfaction with economic performance	●	●	●	●	●	●	○	○	High
19	Foreign political/diplomatic support	○	●	●	●	●	●	●	●	Med

^a Evaluation of most indicators of military capabilities during this quarter is approximate because the cease-fire kept combat activity low.

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Capabilities in Second Quarter 1988
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